



E5. Linkage Fees for Non-Residential Development

Linkage fees are a type of impact fee based on the source of the impact. In this case, the fee is based on the impact of commercial and industrial development creating additional housing demand. New non-residential development generates jobs, which triggers housing needs for workers. Commercial and/or industrial developers are charged fees, usually assessed per square foot, which are then used to build new housing units. A community-wide analysis is usually performed to estimate the type and amount of jobs and wages expected to be generated by new development.

Key Issues:

- The Affordable Housing Fund is currently substantially funded by cash-in-lieu payments from new residential development as required by Inclusionary Housing. Should new non-residential development contribute more to the Affordable Housing Fund than it does now?
- Linkage fees could be expanded to apply to more non-residential development.
- Fees would go into the Affordable Housing Fund and could then be directed toward a variety of housing-related projects.
- The linkage fee tool is the tool that most directly relates job growth to demand for workforce housing.
- This tool could face legal challenges.
- Revenue from a linkage fee varies annually depending on the number of new projects built in this zone.

Background:

- A commercial linkage fee is assessed on additional density (density bonus) for commercial projects in the Downtown High Density 5 (DT-5) Zone District. The rate is \$9.53 per square foot. Between 2008 and May 6, 2014, only \$94,503 in linkage fees has been paid. An additional \$599,742 has been assessed and remains due. One recent project that will be subject to the linkage fee is the former Daily Camera building redevelopment at the corner of 9th and Pearl.
- On May 19, 2015, City Council adopted a citywide affordable housing linkage fee on non-residential development. Once fully implemented, the linkage fees collected will provide a significant new source of funding for the city's affordable housing program and will more equitably distribute the responsibility for funding affordable housing across different sectors of the community.

Implementation Options:

1. Consider expanding the linkage program.

Goals Addressed Through this Tool:

✓ Strengthen Our Commitments

Maintain the Middle

Create Diverse Housing Choices in Every Neighborhood

Create 15-Minute Neighborhoods

Strengthen Partnerships

Enable Aging in Place



Proposed redevelopment of Daily Camera building; located in DT-5 and subject to density downtown (DT-5) linkage fee. Source: *Dailycamera.com*, accessed September 9, 2014